

DEPARTMENT OF TRANSPORTATION**AUDITS AND INVESTIGATIONS**

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June 30, 2010

Mr. Scott Schroeder, Controller
San Francisco Bay Area Rapid Transit District
300 Lakeside Drive, P.O. Box 12688
Oakland, CA 94604-2688

Re: Indirect Cost Allocation Plan for Fiscal Year 2006/2007
File Number: P1190-0720

Dear Mr. Schroeder:

We have reviewed the request from your agency, the San Francisco Bay Area Rapid Transit District (BART) to accept the capital indirect cost recovery rate of 33 percent for costs incurred for fiscal year (FY) 2006/2007. We have reviewed the additional information provided to support the calculation of FY 2006/2007, Cost Allocation Plan (CAP) capital rate of 37.60 percent and the accompanying approval letter from the Federal Transit Administration (FTA), BART's cognizant federal agency. We found that the methodology used to develop the rate for the fiscal year appears consistent with prior years, however, we did not audit the costs included in the calculation of the indirect cost rate and therefore, we do not express an opinion on such costs and defer the approval to FTA. Additionally, as previously discussed with your staff, BART will not seek reimbursements for the under-recovered costs resulting from BART's practice of billing capital indirect costs at a lower rate than the approved or budgeted rates. BART will absorb all such under-recovered costs with its own funds.

We accept for billing purposes, the FY 2006/2007 capital indirect cost recovery rate of 33 percent for costs incurred in FY 2006/2007.

Please retain a copy of this letter with your indirect cost rate proposal. Copies of this letter were sent to the Department's District 4, the Department's Division of Accounting, the Federal Highway Administration, and the FTA.

If you have any questions, please contact Amada Maenpaa, Audit Manager at (916) 323-7868.

Original signed by:

MARYANN CAMPBELL-SMITH
Chief, External-Local Governments

- c: Brenda Bryant, Director, Financial Services, Federal Highway Administration
Sue Kiser, Director, Planning and Air Quality, Federal Highway Administration
Leslie T. Rogers, Regional Administrator, Federal Transit Administration
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